

Message Text

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PAGE 01 MBABAN 01610 251149Z

43

ACTION COME-00

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FM AMEMBASSY MBABANE

TO SECSTATE WASHDC 8576

INFO AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

AMEMBASSY MASERU

AMEMBASSY PRETORIA

UNCLAS MBABANE 1610

E.O. 11652: N/A

TAGS: EIND, BEXP, WZ

SUBJ: SWAZILAND INVESTMENT INCENTIVES

REF: STATE 221946 (NOTAL)

1. SWAZILAND'S INCOME TAX (CONSOLIDATION) ORDER OF 1975,
WHICH WAS GAZETTED ON JULY 15, 1975, PROVIDES THE FOLLOWING
NEW INVESTMENT INCENTIVES:

A. A DEDUCTION EQUAL TO 100 PERCENT OF TRAINING EXPENSES. SINCE
SUCH EXPENSES WERE PREVIOUSLY FULLY DEDUCTABLE, THIS
AMOUNTS TO A 200 PERCENT DEDUCTION. TRAINING PROGRAMS MUST
BE APPROVED BY THE GOVERNMENT.

B. FOR NEW BUILDINGS AND ADDITIONS TO EXISTING BUILDINGS
AND MACHINERY USED IN MANUFACTURE (THOSE ASSETS WHICH
QUALIFY FOR AN "INVESTMENT ALLOWANCE" OF 30 PERCENT) A NEW
"INITIAL" WEAR AND TEAR ALLOWANCE WILL BE GIVEN OF 10 PERCENT
OF THE COST OF BUILDINGS AND 20 PERCENT OF THE COST OF
MACHINERY IN THE YEAR IN WHICH THEY ARE FIRST USED. THESE
ALLOWANCES WILL BE ADDITIONAL TO ANNUAL WEAR AND TEAR
ALLOWANCES. THEY WILL ENHANCE SUCH BUILDINGS AND MACHINERY
TO BE WRITTEN OFF MORE RAPIDLY, BUT IF FOR ANY REASON A MORE
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PAGE 02 MBABAN 01610 251149Z

GRADUAL WRITE OFF IS PREFERRED, THE TAXPAYER MAY ELECT NOT

TO HAVE THEM.

C. THE ANNUAL WEAR AND TEAR ALLOWANCE FOR INDUSTRIAL BUILDINGS HAS BEEN INCREASED FROM 2 PERCENT TO 4 PERCENT.

D. THE ALLOWANCE FOR THE COST OF PROVIDING HOUSING FOR EMPLOYEES HAS BEEN SET AT 20 PERCENT FOR THE FIRST YEAR AND 10 PERCENT FOR THE NEXT EIGHT YEARS PROVIDED THAT SUCH ALLOWANCE IN RESPECT TO ANY ONE DWELLING DOES NOT EXCEED E1,000 IN THE FIRST YEAR AND E5,000 FOR THE NEXT EIGHT YEARS.

E. THE COST OF NEW HOTELS AND IMPROVEMENTS TO EXISTING HOTELS CAN BE WRITTEN OFF AT THE RATE OF 10 PERCENT FOR THE FIRST FIVE YEARS AND 5 PERCENT THEREAFTER.

2. COPIES OF THIS ORDER WILL BE POUCHED AS REQUESTED
REFTEL.
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